



State of California
Employment Training Panel

Arnold Schwarzenegger, Governor

August 27, 2009

Dov Golodner, Head of Workforce Development Programs
Bay Area Video Coalition
2727 Mariposa Street, 2nd Floor
San Francisco, CA 94110

Dear Mr. Golodner:

Enclosed is our final report relative to our review of Bay Area Video Coalition's compliance with the Employment Training Panel Agreement No. ET05-0267 for the period April 1, 2005 through March 31, 2007.

Also enclosed is a demand letter for payment of costs disallowed in the review report. Payment is due upon receipt of this letter. If you wish to appeal the review findings, you must follow the procedure specified in Attachment A to the review report.

We appreciate the courtesy and cooperation extended to our auditor during the review. If you have any questions, please contact Stephen Runkle, Audit Manager, at (916) 327-4758.

Sincerely,

Original signed by:

Stephen Runkle
Audit Manager

Enclosures

BAY AREA VIDEO COALITION

Agreement No. ET05-0267

Final Review Report

For The Period

April 1, 2005 through March 31, 2007

Report Published August 27, 2009

Stephen Runkle, Audit Manager
Telephone: (916) 327-4758

Audit Staff: Shannon Brooks

Employment Training Panel
Audit Unit
1100 J Street FL 4
Sacramento, CA 95814-2827

TABLE OF CONTENTS

	<u>Page Number</u>
REVIEW REPORT	
Summary	1
Background	2
Objectives, Scope, and Methodology	2
Conclusion	2
Views of Responsible Officials	3
Appeal Rights	3
Records	3
SCHEDULE 1 - Summary of Review Results	4
FINDING AND RECOMMENDATION	5
 <u>ATTACHMENTS</u>	
ATTACHMENT A - Appeal Process	
ATTACHMENT B - Table of Disallowed Trainees	

REVIEW REPORT

Summary

We reviewed Bay Area Video Coalition's compliance with Agreement No. ET05-0267, for the period April 1, 2005 through March 31, 2007. Our review pertained to training costs claimed by the Contractor under this Agreement. Our review was performed during the period September 10, 2008 through January 8, 2009.

The Employment Training Panel (ETP) reimbursed the Contractor a total of \$1,227,100. Our review supported \$1,223,610 is allowable. The balance of \$3,490 is disallowed and must be returned to ETP. The disallowed costs resulted from two trainees who did not meet post-training retention requirements

REVIEW REPORT (continued)

Background

Founded in 1976 by the Rockefeller Foundation, Bay Area Video Coalition (BAVC) is a private, non-profit training center located in San Francisco that provides training in the technological job skills required by companies involved in video, web-based, and multimedia production.

This Agreement was the fourth between BAVC and ETP. As a training agency, BAVC provides a central location where digital technology workers from a large group of small and mid-sized employers can receive training customized to their needs. BAVC is well known by these employers as the place to learn the latest software applications used in video, web-based, and multimedia production. BAVC constantly assesses and customizes its curriculum to individual employers in the media industry facing out-of-state competition. Therefore, this Agreement provided for training in Advanced Technology job skills relevant to modern media production.

This Agreement allowed BAVC to receive a maximum reimbursement of \$1,301,577 for retraining 879 employees. During the Agreement term, the Contractor placed 828 trainees and was reimbursed \$1,227,100 by ETP.

Objectives, Scope, and Methodology

We performed our review by authority of Title 22 California Code of Regulations, Sections 4443 and 4448. Our scope was limited to reviewing the Contractor's compliance with trainee eligibility and post-training requirements specified in the Agreement. We did not review the Contractor's records for compliance with training attendance or other Agreement requirements.

Specifically, our review scope included, but was not limited to, conducting compliance tests to determine whether:

- Trainees were eligible to receive ETP training.
- Trainees were employed continuously full-time with a participating employer for 90 consecutive days after completing training, and the 90-day retention period was completed within the Agreement term.
- Trainees were employed in the occupation for which they were trained and earned the minimum wage required at the end of the 90-day retention period.

Conclusion

As summarized in Schedule 1, the Summary of Review Results, and discussed more fully in the Finding and Recommendation

REVIEW REPORT (continued)

Section of our report, our review supported \$1,223,610 of the \$1,227,100 paid to the Contractor under this Agreement is allowable. The balance of \$3,490 is disallowed and must be returned to ETP.

Views of Responsible Officials

The review findings were discussed with Dov Golodner, Head of Workforce Development Programs, during a telephone exit conference held on February 9, 2009. Mr. Golodner agreed to bypass issuance of the draft report and proceed to the final review report.

The issuance of your final review report has been delayed by the audit unit. Therefore, ETP waived the accrual of interest for the disallowed costs beginning January 9, 2009 through the issue date of this final audit report. The interest waiver (adjustment) was \$120.98, which was deducted from the total accrued interest.

Appeal Rights

If you wish to appeal the review findings, it must be filed in writing with the Panel's Executive Director within 30 days of receipt of this audit report. The proper appeal procedure is specified in Title 22, California Code of Regulations, Section 4450 (attached).

Records

Please note the ETP Agreement, Paragraph 5, requires you to assure ETP or its representative has the right, "...to examine, reproduce, monitor and audit accounting source payroll documents, and all other records, books, papers, documents or other evidence directly related to the performance of this Agreement by the Contractor... This right will terminate no sooner than four (4) years from the date of termination of the Agreement or three (3) years from the date of the last payment from ETP to the Contractor, or the date of resolution of appeals, audits, or litigation, whichever is later."

Stephen Runkle
Audit Manager

Fieldwork Completion Date: January 8, 2009

SCHEDULE 1 – Summary of Review Results

BAY AREA VIDEO COALITION

AGREEMENT NO. ET05-0267

FOR THE PERIOD

APRIL 1, 2005 THROUGH MARCH 31, 2007

	<u>Amount</u>	<u>Reference*</u>
Training Costs Paid By ETP	<u>\$ 1,227,100</u>	
Costs Disallowed:		
Post-Training Retention Requirements Not Met	3,490	Finding No. 1
Total Costs Disallowed	<u>\$ 3,490</u>	
Training Costs Allowed	<u><u>\$ 1,223,610</u></u>	

* See Finding and Recommendation Section.

FINDING AND RECOMMENDATION

FINDING NO. 1 – Bay Area Video Coalition (BAVC) received reimbursement for one Post-Training Job No. 16 trainee and one Job No. 4 trainee who did not meet Retention Requirements Not Met \$3,490 (\$1,779 + \$1,711) in training costs claimed for these trainees.

Exhibit A, paragraph VII. A. of the Agreement between BAVC and ETP states, "Each trainee must be employed full-time, at least 35 hours per week, with a single participating employer for a period of at least ninety (90) consecutive days immediately following the completion of training."

BAVC reported that Trainee No. 1 completed a post-training retention period from February 18, 2007, through May 19, 2007. The employer of Trainee No. 1 reported that he worked 40 hours per week during retention and was still employed as of November 21, 2008. However, Employment Development Department (EDD) base wage reports only show wages reported by that employer to EDD through the 2nd quarter of 2007 or March 31, 2007. After that date, EDD base wages show zero wages earned in California up to and beyond the Agreement end date. Although the ETP reviewer requested payroll documents to support that Trainee No. 1 worked an average of 40 hours during retention and for the entire 90-day retention period, as the employer had stated in response to an Employment Verification Questionnaire, insufficient documentation to support these statements was provided during the review. Payroll reports provided by the employer ended on April 13, 2007. Thus, information obtained during the review supports that Trainee No. 1 was retained for only 54 days of the 90 days required by the Agreement.

BAVC reported that Trainee No. 2 completed a post-training retention period from January 29, 2006, through April 29, 2006. However, the employer of Trainee No. 2 reported that he was involuntarily terminated on March 31, 2006. Thus, Trainee No. 2 was retained for only 61 days of the 90 days required by the Agreement.

Recommendation BAVC must return \$3,490 to ETP. In the future, the Contractor should ensure that trainees meet post-training retention requirements prior to claiming reimbursement from ETP.

This report is a matter of public record and its distribution is not limited. The report is intended for use in conjunction with the administration of ETP Agreement No. ET05-0267 and should not be used for any other purpose.

ATTACHMENT A - Appeal Process

4450. Appeal Process.

- (a) An interested person may appeal any final adverse decision made on behalf of the Panel where said decision is communicated in writing. Appeals must be submitted in writing to the Executive Director at the Employment Training Panel in Sacramento.
- (b) There are two levels of appeal before the Panel. The first level must be exhausted before proceeding to the second.
 - (1) The first level of appeal is to the Executive Director, and must be submitted within 30 days of receipt of the final adverse decision. This appeal will not be accepted by the Executive Director unless it includes a statement setting forth the issues and facts in dispute. Any documents or other writings that support the appeal should be forwarded with this statement. The Executive Director will issue a written determination within 60 days of receiving said appeal.
 - (2) The second level of appeal is to the Panel, and must be submitted within 10 days of receipt of the Executive Director's determination. This appeal should include a statement setting forth the appellant's argument as to why that determination should be reversed by the Panel, and forwarding any supporting documents or other writings that were not provided at the first level of appeal to the Executive Director. If the Panel accepts the appeal and chooses to conduct a hearing, it may accept sworn witness testimony on the record.
 - (A) The Panel must take one of the following actions within 45 days of receipt of a second-level appeal:
 - (1) Refuse to hear the matter, giving the appellant written reasons for the denial; or
 - (2) Conduct a hearing on a regularly-scheduled meeting date; or
 - (3) Delegate the authority to conduct a hearing to a subcommittee of one or more Panel members, or to an Administrative Law Judge with the Office of Administrative Hearings.
 - (B) The Panel or its designee may take action to adopt any of the administrative adjudication provisions of the Administrative Procedures Act at Government Code Section 11370 *et seq.*, for the purpose of formulating and issuing its decision. Said action may take place at the hearing, or in preliminary proceedings.
 - (C) Upon completion of the hearing, the record will be closed and the Panel will issue a final ruling. The ruling may be based on a recommendation from the hearing designee. The ruling shall be issued in a writing served simultaneously on the appellant and ETP, within 60 days of the record closure.
- (c) The time limits specified above may be adjusted or extended by the Executive Director or the Panel Chairman for good cause, pertinent to the level of appeal.
- (d) Following receipt of the Panel's ruling, the appellant may petition for judicial review in Superior Court pursuant to Code of Civil Procedure Section 1094.5. This petition must be filed within 60 days from receipt of the Panel's ruling.

Authority: Section 10205(m), Unemployment Insurance Code; Section 11410.40, Government Code.

Reference: Sections 10205(k), 10207, Unemployment Insurance Code.

Effective: April 15, 1995

Amended: December 30, 2006